

FSRA Resumes Oversight of PACE Credit Union's Day-to-Day Operations

TORONTO, Nov. 20, 2020 /CNW/ - As a result of the resignation of several directors, FSRA (the Financial Services Regulatory Authority) has, under the terms of the administration order governing PACE Credit Union (PACE), resumed oversight of the day-to-day operations of PACE.

PACE was placed into administration by FSRA's predecessor in September 2018 due to mismanagement and misconduct by members of senior management and a lack of effective governance by the PCU Board. PACE members elected new directors in January 2020 as the first step toward returning to member-controlled governance – and the new Board hired new senior management in April 2020 – at which time FSRA gave oversight of PCU's day-to-day operations to the new PACE leadership team.

"The Board of PACE inherited problems created by the former PACE leaders, and worked hard to identify and resolve them – and I would like to thank the Board members for their leadership during this difficult time," said Mark White, FSRA's CEO.

"FSRA recently completed an investigation into misconduct related to the sale by PACE, from July 2017 to June 2019, of preferred shares to PACE members," said Mark White. "FSRA determined, and PACE concurred, that such sales breached the CUCPA, the legislation governing PACE. While it is with regret that I accept their resignations, as we all wanted the best for PACE's members and depositors, there was not consensus on how to best address those breaches."

"PACE continues to have ample liquidity and capital above requirements, making it financially viable," said Mr. White. "I want to reassure members of PACE that their deposits are protected through the deposit insurance reserve fund administered by FSRA. PACE will be open for business as usual on Monday and I expect it will continue to serve their needs."

FSRA will be working with stakeholders to plan a return to member-controlled governance and to address the misconduct and harm caused by the pre-2020 officers and directors of PACE. The PACE CEO and CRO have also resigned and we thank them for their offer to work on an orderly transition. A members' meeting will be organized in the near future.

Learn more: The Financial Services Regulatory Authority of Ontario (FSRA) is continuing to work with those we regulate to ensure financial safety, fairness and choice for consumers and members. Learn more at www.fsrao.ca.

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